

INCOME TAX RECIPROCITY AND WITHHOLDING EXEMPTION FOR UTILITY WORKERS

Prior Law _____

Nonresident electric utility workers were required to pay individual income tax the same as other nonresidents. In addition, nonresident electric utility workers were subject to withholding requirements the same as other nonresidents with Iowa source income.

New Provisions _____

The income a nonresident individual earns for performing emergency response work for an electric utility in Iowa under a mutual aid agreement between Iowa and the state in which the nonresident lives is excluded from Iowa individual income tax. Income received by a nonresident individual for training by an electric utility in Iowa is also excluded.

In addition, if a nonresident qualifies for the income exclusions above, the nonresident is not subject to withholding by the electric utility for those sources of income. The electric utility must apply to the Department for an exemption from withholding and the Department must determine that the income exclusion applies to the nonresident.

The new provision defines “electric utility” the same as defined in Iowa Code section 476.22. “Electric utility” includes a public utility furnishing electricity as defined in Iowa Code section 476.1 and a city utility as defined in Iowa Code section 390.1.

Section Amended _____

Section 27 of 2015 Iowa Acts House File 616 amends Section 422.7, Code 2015 by adding new subsection 57. Section 28 amends Section 422.16, subsection 1, Code 2015, by adding new paragraph (f).

Effective Date _____

Retroactive to January 1, 2015 for tax years beginning on and after that date.

